

13 March 1975

725. 5

MEMORANDUM FOR: The Director

FROM : Deputy Director for Intelligence

SUBJECT : Southeast Asia Military Analysis

REFERENCE : Your Memorandum of 23 August 1974,  
Subject: Financial Guidance for 1975  
and 1976

1. In the reference memorandum, you asked me to consider and to submit my recommendations regarding the shifting to OSR of the positions in OER devoted to Southeast Asia military analysis.

2. I have taken the liberty of expanding this instruction to include a review of the entire DDI production office effort on Indochina military activities which, as you know, includes OCI as well as OER. Representatives of the offices concerned have completed a review of the question. I have reviewed their study and have discussed the various options with the Office Directors and the NIO/SEA. On this basis, I have decided to reduce the effort devoted to military analysis on Southeast Asia and to move it to OSR effective 1 July 1975.

3. Despite the marked change in the tactical and strategic environment since the January 1973 ceasefire, the Agency continues to be tasked with the production of reliable and timely intelligence on Communist and friendly forces in Indochina. There have, however, been a number of developments which have enabled us to make significant cutbacks in the resources devoted to intelligence production on the Indochina military problem. These include a lessened demand for in-depth research and basic studies on the

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military aspects of the Indochina problem, a significant decline in collection capabilities and assets, the development of a strong basic research capability in DIA, and a growing practice of producing interagency studies which involve a more limited role for CIA as a contributor to rather than a producer of independent CIA assessments. The cumulative effect of these factors has enabled me to reduce my production office resources committed to the Indochina military effort from a peak of about [ ] positions in 1970 to the present level [ ] professional positions in OER and [ ] in OCI.

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4. Cutbacks of this size mean, of course, that the much vaunted "Vietnam dividend" is pretty well spent. I do believe, however, that by transferring the Indochina military responsibility and refocusing a reduced effort that some modest savings-- [ ] positions--could be realized immediately. I would propose to leave these savings in OER to help it to cope with the increasingly insatiable demand for economic intelligence.

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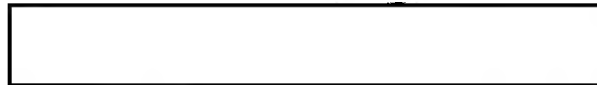
5. It is my intention to establish in OSR/RAD a small unit [ ] to handle the Indochina military responsibility. This unit will function primarily as a producer of current intelligence but would have sufficient capability to make quality inputs to estimates and interagency assessments. In short, I envisage an operation that might be characterized as "current intelligence plus". To ensure that this expertise is available, the positions transferred to OSR will be filled by analysts with long experience on Indochina.

6. Implicit in this arrangement is a decision to rely on DIA for the production of basic research and intelligence on Indochina military. This decision obviously entails some risk,

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and if this risk is to be kept within limits, both Agency managers and the NIO/SEA must be particularly careful in apportioning future requests between CIA and DIA for intelligence support. There is, of course, the possibility that future developments in Vietnam could increase the demands on us for more in-depth studies. In that event we would, of course, find whatever resources were needed to do the job. With a cadre of seasoned experts in OSR, it would be possible for us to rebuild a basic research capability--but only after some lead time.



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EDWARD W. PROCTOR  
Deputy Director for Intelligence

14 MAR 1975

APPROVED : /s/ W. E. Colby

DISAPPROVED: \_\_\_\_\_

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